

## **RAJYA SABHA**

*Wednesday, the 6th December, 2006/15th Agrahayana, 1928 (Saka)*

The House met at eleven of the clock,

MR. CHAIRMAN in the Chair.

### **ORAL ANSWERS TO QUESTIONS**

#### **Agreements with Foreign countries for Export of Iron Ore**

\*201. SHRI K. CHANDRAN PILLAI: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether it is a fact that agreements have been signed with foreign countries, including China, for export of iron ore from India;

(b) if so, the details of those agreements, agreement-wise and country-wise;

(c) the details of quantity of iron ore being exported from the country, per annum;

(d) whether the exports would hamper the indigenous steel industry in the long run; and

(e) if so, the reaction of Government thereto?

THE MINISTER OF COMMERCE AND INDUSTRY (SHRI KAMAL NATH): (a) On expiry of the previous Long Term Agreements, MMTC has signed new Long Term Agreements with Japanese, South Korean and Chinese Steel Mills, for a period of five years *w.e.f.* 1.4.2006.

(b) to (e) A statement is laid on the Table of the House.

#### ***Statement***

(b) Annual quantity to be supplied to Japanese, Korean and Chinese Steel Mills is as follows:—

(Qty: Million Tonnes)

	Minimum	Maximum
Japanese Steel Mills	3.47	6.75
POSCO, South Korea	0.80	1.60
Chinese Steel Mills	2.50	3.10

(c) The details of iron ore exported during the last three years are as under:

2003-04	2004-05	2005-06 (Prov.)
62.58	78.14	89.27

(Qty. in million tonnes)

Source : GMOEA, KIOCL &amp; MMTC

(d) and (e) The existing iron ore export policy regulates and promotes judicious use of iron ore for domestic purpose and export of surplus quantity. Production of iron ore is in excess of current domestic demand. Besides, the surplus iron ore fines produced during mining as well as sizing and calibrating lumpy ore has to be evacuated, failing which it would lead to curtailment of production resulting in unemployment predominantly in tribal areas, increased cost of production, reduction in economic activities and export earnings in addition causing environmental hazards.

MR. CHAIRMAN: Question No. 201.

SHRIMATI PREMA CARIAPPA: Sir, we had given a notice from the party saying that ...*(Interruptions)*...

श्री संतोष बागड़ोदिया: सर, मैंने नोटिस दिया है। ...*(व्यवधान)*...

श्री सभापति: देखिए, अभी क्वेश्चन ऑवर को डिस्टर्ब मत करिए। ...*(व्यवधान)*...

श्री संतोष बागड़ोदिया: सर, मैं पूछ रहा हूँ। ...*(व्यवधान)*...

श्री सभापति: आप डिस्टर्ब कर रहे हैं। आप क्वेश्चन ऑवर होने दीजिए। Question Hour should not be disturbed.

SHRI K. CHANDRAN PILLAI: Sir, in the answer, at (d) and (e), the Minister has stated that the policy promotes judicious use of iron ore. But

I wish to mention here that in reply to a starred question recently it was said that the details given on usable and explorable resources of haematite iron ore in the country reveals that the country's reserves of usable haematite iron ore would not last beyond 2025 if the National Steel Policy of augmenting domestic steel production adopted by the UPA Government is to be implemented. If export of iron ore goes on at the present rate—the rate is given in the answer—the target set by the National Steel Policy to be achieved by 2020 could not be implemented, as iron ore will not be available in the country.

Now, is this judicious? A review of the Policy is very much required. I think, if exports of this nature and renewal of agreements continue, we would be in a position where the available reserves would be exhausted. My question is on the long-term impact of this Policy; the hon. Minister has not replied adequately on this matter. That is my first question.

**SHRI JAIRAM RAMESH:** Sir, in response to the hon. Member's question, I would like to say that today, we produce about 155 million tonnes of iron ore, out of which we export about 89 million tonnes of iron ore. This was the figure for 2005-06.

Now, the hon. member has quoted from the National Steel Policy. Sir, I have the National Steel Policy in front of me and according to the Policy, the target for production of steel by the year 2019-20 is 110 million tonnes of steel, which would require 190 million tonnes of iron ore. Now, the same National Steel Policy says that in that year, corresponding to a domestic use of iron ore of 190 million tonnes, the exports would stabilise at about 100 million tonnes.

Sir, I would like to assure the hon. Member that with increased prospecting and increased exploration, reserves of iron ore could only increase. In the last 25 years, India's iron ore reserves have gone up by eight billion tonnes, and this is not a period which has been characterized by aggressive and intensive exploration. With exploration, with new investment in mining, with beneficiation investments, we are confident that India's level of iron ore reserves is going to be comfortable to meet the target of 110 million tonnes of steel production by 2019, and also, substantial export level of the type that is envisaged in the National Steel Policy.

**SHRI K. CHANDRAN PILLAI:** Sir, I wish to make one more point to the hon. Minister. In December 2005, our Parliamentary Standing Committee

on Coal and Steel put up a recommendation for a total ban on iron ore exports. They have further suggested capping facility for the existing indigenous units also. After that committee, yet another committee has been formed, the Hoda Committee, and they have put up certain proposals, which are totally contradictory to the suggestions of the Parliamentary Standing Committee and the Dang Committee. On this particular issue, I wish to know whether the Hoda Committee has completely rejected the proposal of the Steel Ministry. Also, it is gathered that nobody was included from the Steel Ministry. I am bringing up this issue and seeking a definite answer, because even countries with high-density deposits in the world are not exporting ore. They are exporting only the value-added products. In our country, we are doing the opposite; also, value addition has not been taken care of. We are doing some minor types of value additions and exporting. This is not at all there in the national agenda also.

MR. CHAIRMAN: That is enough. Let him reply.

SHRI JAIRAM RAMESH: Sir, I am not in disagreement with the view that India should export value-added products. But in the case of iron ore, as I mentioned, out of 155 million tonnes of production, we export about 89 million tonnes. If you look at the proportion in Australia and in Brazil, which are the two other big iron ore producers and exporters, the proportion of iron ore production that is exported is lower in India as compared to Australia and Brazil. Sir, the Hoda Committee has been mentioned and the Report of the Hoda Committee has been submitted. After the Hoda Committee, we got another committee of Secretaries that has gone into this question whether iron ore export should be banned. The reports are under the examination of the Government and I am sure the reports will soon be in the public domain and be available for Members of Parliament. This question comes up in almost every Session of Parliament; we have had a Calling Attention Motion; we have had a Short Duration Discussion on this. The fact of the matter is today, Sir, that six States, namely, Orissa, Jharkhand, Chhattisgarh, Karnataka and Goa certainly are dependent on iron-ore mining in terms of development of their backward areas and in terms of employment. Almost 1.6 lakh is the direct employment in iron-ore mining. If you take the overall employment, both direct and indirect, about 1.5 million people are involved in the iron-ore mining sector. I should also like to reassure the hon. Member, and through you, Sir, all the hon. Members of the House, that almost 84 per cent of our exports of iron ore are fines and concentrates. They are not

exports of lumps. Fines are an inevitable bye-products of mining. The more you mine, the more fines you produce. Fines become an environmental hazard. The only option available is to export them. So, we are not exporting iron ore lumps. Eighty-four per cent of our exports are iron ore fines and concentrates and there should be no fear in the minds of people that we are exporting iron ore at the detriment of domestic supply. Sir, in fact, the hon. Member may be surprised to know that we export 89 million tonnes, we consume 58 million tonnes and we produce 155 million tonnes which means that we have a surplus of almost 8 million tonnes which is a stock pile. So, we are producing more iron ore than we can export and what we can domestically produce.

श्रीमती सुषमा स्वराज: सभापति, जी, मंत्री महोदय ने अपने लिखित उत्तर में बताया है कि एम.एम. टी.सी. ने जापानी, दक्षिण कोरियाई और चीन की इस्पात मिलों के साथ करारों पर हस्ताक्षर किये हैं। मैं आपके माध्यम से मंत्री जी से जानना चाहती हूँ कि जिस समय उड़ीसा, झारखंड और छत्तीसगढ़ में जापानी और दक्षिण कोरियाई मिलों के साथ यह करार किया गया था तो सरकार के समर्थक दल, वामपंथी दलों ने इसका पुरजोर विरोध किया था, लेकिन जब राष्ट्रपति हूँ जिंताओं का प्रवास देश में हुआ और चीन की इस्पात मिलों के साथ यह करार साइन किया गया तो इन्होंने इसका भरपूर स्वागत किया। मैं मंत्री जी से पूछना चाहती हूँ कि क्या सरकार के समर्थक दलों का वह विरोध अभी भी जारी है, जो जापानी और दक्षिण कोरियाई देशों के प्रति किया गया था या उसे वापस ले लिया गया है?

SHRI JAIRAM RAMESH: I can only give some figures to the hon. Member and not make comments on the political stance adopted by certain political party. The facts of the matter are as follows:

We export 89 million tonnes of iron ore. Out of that, roughly 74 million tonnes are exported to China. That is fact number one. ...*(Interruptions)*...

SHRIMATI SUSHMA SWARAJ: It is not a comment on political stance of any political party. I am asking about the policy of the Government because they have raised this question in the Coordination Committee meetings also. They have also publicly condemned this.

SHRI JAIRAM RAMESH: Let me give you the facts of the case. As I mentioned to you, we export 89 million tonnes of iron ore. Out of that, roughly 74 million tonnes are exported to China. Now, you mention about the long-term contracts. I would like you to know that long-term contracts are a very small proportion of our total exports. Only 7 per cent of our total exports are under long-term contracts. The MMTC long-term contracts

that you talked about are with Japan, China and South Korea. But only 7 per cent of this 89 million tonnes is under long-term contracts. Rest of the sales are through spot purchases and commercial transactions between private iron ore producers and buyers. So, the long-term contracts that you are referring to are a very small proportion of our iron ore exports.

**SHRI SHANTARAM LAXMAN NAIK:** Mr. Chairman, Sir, at the outset, I would like to thank you for referring to Goa's likely unemployment in case of any order on banning exports etc. Firstly, Sir, it is learnt that there is a difference of view point or perspective between the Steel Ministry and the Commerce Ministry on this aspect. Secondly, the judicious use is a very, very vague term, and, therefore, after studying the reports of the various Committees, are you going to enact a specific policy on iron ore exports?

**SHRI JAIRAM RAMESH:** Sir, there are no divergent views. There is only one view that India must maximise exports of value added products to the extent possible. Now, as I mentioned to you, we are a major producer of iron ore, we cannot consume all the iron ore domestically. We are exporting iron ore, both through long-term contracts and through spot purchases, to China, to South Korea and to Japan. There is absolutely no question of exporting at the cost of domestic market. The domestic steel producers are not being starved of iron ore supply today. We are exporting fines, which are inevitable products of mining, and, in order to avoid these environmental hazards, we have taken recourse to exports. I would like to assure the hon. Member that as far as judicious mix is concerned, we would like the Indian steel industry to have full access to Indian iron ore, and, over and above that, we would also like to meet our export obligations. I have quoted from the National Steel Policy. One hundred and ninety million tonnes of iron ore for domestic steel use and about a hundred million tonnes of iron ore exports by 2019-2020 is what is being said in the National Steel Policy.

**MR. CHAIRMAN:** Question 202.

**SHRIMATI BRINDA KARAT:** Sir, since my party's name has been taken, I have to answer ... (*Interruptions*)...

श्री सभापति: देखिए, यह नहीं है ... (व्यवधान)... मैं अलाऊ नहीं करूंगा ... (व्यवधान)... मैं अलाऊ नहीं करूंगा ... (व्यवधान)...

SHRIMATI BRINDA KARAT: Sir, please allow me to speak.  
...(Interruptions)...

SHRI B.J. PANDA: Sir, I want to put a question to the hon. Minister.  
...(Interruptions)...

श्री छनारायण पाणि: सभापति जी, पंडा जी को बोलने दीजिए ...(व्यवधान)...

SHRIMATI BRINDA KARAT: Please allow me, Sir. ...(Interruptions)...

How can anybody get up and make a comment about my party  
...(Interruptions)...

श्री सभापति: एक मिनट सुन लीजिए ...(व्यवधान)... आप बात तो सुन लीजिए ...(व्यवधान)...

SHRIMATI BRINDA KARAT: I am not being allowed to answer it.  
...(Interruptions)... Sir, as far as iron ore exports are concerned, regardless  
of any country ...(Interruptions)... We want to ask a question.  
...(Interruptions)...

श्री सभापति: मैं अलाऊ नहीं करूंगा ...(व्यवधान)...

श्री छनारायण पाणि: दूसरों को मौका दिया जाना चाहिए ...(व्यवधान)...

SHRIMATI BRINDA KARAT: Why are you not allowing me? What is  
this, Sir? This is not fair. ...(Interruptions)... A Member has made a charge  
against my party. ...(Interruptions)...

श्री सभापति: आप एक मिनट बैठिए ...(व्यवधान)... बिजनेस एडवाइजरी कमेटी ने यह तय  
किया है, जिसमें आपकी पार्टी के लीडर भी थे, सभी पार्टी के लीडर थे, यह तय हुआ है कि क्वेश्चन्स  
पूरे नहीं लिए जाते, इसके लिए क्या व्यवस्था की जाए। व्यवस्था यह की गई कि क्वेश्चन पूछने वाले  
दो प्रश्न करेंगे, उनके साथ अगर एक नाम जुड़ा है तो एक प्रश्न करेंगे और बाकी के दो मैम्बर्स  
पूछेंगे ताकि सारे प्रश्न किए जाएं। यह व्यवस्था सभी ने मिलकर तय की है। मैं इसे बदल नहीं  
सकता। अब आप प्लीज ...(व्यवधान)...

श्रीमती ब्रिन्दा कारत: सभापति जी, हम उस फौसले का आदर करते हैं ...(व्यवधान)... लेकिन  
कोई गलत बात कहे। ...(व्यवधान)...

श्री सभापति: गलत नहीं कही है ...(व्यवधान)... गलत सही बात नहीं है ...(व्यवधान)...

श्रीमती वृन्दा कारत: उसे जवाब तो देना पड़ेगा सर ...(व्यवधान)...

श्री सभापति : गलत सही का सवाल नहीं है ...(व्यवधान)...

श्रीमती वृन्दा कारत: सभापति जी, यह कैसे हो सकता है ...(व्यवधान)... ठीक है सर ... (व्यवधान)... हम भी इस प्रकार के आरोप लगाते रहें जो बेबुनियाद हैं ...(व्यवधान)...

श्री सभापति: श्री एम.वी. मैसूरा रेड्डी ...(व्यवधान)... उसके लिए रूल्स बने हुए हैं, आप नोटिस दीजिए।

### **Rural development schemes in Andhra Pradesh**

\*202. SHRI M.V. MYSURA REDDY: Will the Minister of RURAL DEVELOPMENT be pleased to state:

(a) whether it is a fact that Ministry of Rural Development is implementing schemes like Swarnjayanti Gram Swarozgar Yojana (SGSY), Sampoorna Grameen Rojgar Yojana (SGRY), National Food for Work Programme (NFFWP), Indira Awaas Yojana (IAY), Pradhan Mantri Gram Sadak Yojna (PMGSY), Drought Prone Areas Programme (DPAP), Desert Development Programme (DDP), Integrated Wasteland Development Programme (IWDP), Accelerated Rural Water Supply Programme (ARWSP), Total Sanitation Campaign (TSC) and National Rural Employment Guarantee Act (NREGA) through Andhra Pradesh Government;

(b) if so, the funds allocated and released by the Central Government and the State Government, Scheme-wise during the years 2003-04, 2004-05 and 2005-06;

(c) the details of utilization of funds, Scheme-wise, by Andhra Pradesh, with justification for low utilization, if any; and

(d) the action taken by Government to utilize the maximum amount of funds available in Andhra Pradesh?

THE MINISTER OF RURAL DEVELOPMENT (SHRI RAGHUVANSH PRASAD SINGH): (a) to (d) A Statement is laid on the Table of the House.